

Agency : SMALL BUSINESS ADMINISTRATION

Title : Small Business Size Standards; Selected Size Standards Issues

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Comment : Making the SBIR program available to VC funded organizations would have an adverse effect on both the development of highly innovative technology and the development of small business entrepreneurs. Currently the SBIR program provides a viable alternative to an inventor self-funding basic research in innovative technology that would be considered too risky (and therefore not fundable) for most VC investment. VC funded firms, given their investor commitments, would use SBIR funding to further enhance exiting technology rather than develop highly innovative, "high risk" technology. Therefore allowing VC funded firms to participate would both absorb significant funding that is not available elsewhere to inventors as well as dilute the level of innovative technologies being developed. The VC participation in this program would also lessen the incentives for inventing new and innovative technologies generally as inventors would be faced with two equally bad choices, funding the research themselves through loans that need to be secured personally (and thus place their whole future at risk) or giving away significant amounts of ownership and control at deep discounts in order to obtain minimal amounts of money for R&D.

For many the Horatio Alger stories of smart, hardworking, ambitious people being able to achieve the "American dream" is nothing but a myth. This is one program that actually makes a difference in proving that the "American dream" is not old fiction but rather is still a potential reality available to all. That this program is a program sponsored by the Federal government is amazing, don't turn this program into another myth of what is good about America.

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